



## Outlook Expectations Summary

The following forward-looking statements are based on current expectations and actual results may differ materially. Such statements are current only as of February 21, 2019.

### From 4Q18 Earnings Release & Conference Call

The long-term outlook for Quanta's business is positive. However, weather, regulatory, permitting, project timing, execution challenges and other factors have impacted the company's historical results, and may impact Quanta's future financial results. Therefore, Quanta's financial outlook for revenues, margins and earnings reflects management's effort to properly align these uncertainties with the backlog that the company is executing on and the opportunities that are expected to materialize during 2019. The following forward-looking statements are based on current expectations, and actual results may differ materially.

### Estimated Range For the Full Year 2019

Several items are noteworthy when comparing the company's 2019 guidance with 2018 results. Quanta's 2019 guidance includes estimated emergency restoration revenues of \$100 million (based on historical averages), as compared to emergency restoration revenues of \$241 million in 2018, and only a limited amount of estimated work to be performed for the Atlantic Coast Pipeline Project due to uncertainty as to when the project may resume construction. Further, the Fort McMurray West electric transmission project, which provided a significant amount of revenues during 2018, is expected to reach completion in the coming months. These revenue headwinds aggregate to approximately \$1 billion.

#### Consolidated Company

Revenues \$10.8 - \$11.2 Billion

Net Income Attributable to Common Stock \$407 - \$473 million

EBITDA \$816 - \$916 million

Adjusted EBITDA \$875 - \$975 million

GAAP Diluted EPS Attributable to Common Stock \$2.76 - \$3.21

Adjusted Diluted EPS Attributable to Common Stock (a non-GAAP measure) \$3.30 - \$3.75

2019 Diluted Weighted Avg. Shares Outstanding 147.2 million

Depreciation Approx. \$208 million

Amortization of Intangibles Approx. \$49 million

Non-Cash Stock Based Compensation Approx. \$56 million

Interest Expense, Net Approx. \$42 million

Other Income \$60 - \$65 million (See below for additional commentary)

Tax Rate 29.5% - 30.0% (1Q19 tax rate as low as 29.2%)

Net Income Attributable to Non-Controlling Interests \$1 - \$2 million

2019 Capital Expenditures \$260 - \$275 million

Foreign Exchange Rates Outlook reflects foreign exchange rates comparable to the fourth quarter of 2018

#### Electric Power Infrastructure Services Segment

Revenues \$6.7 - \$6.9 Billion (See below for additional commentary)

Operating Income Margins Between 9.5% and 10.0% (See below for additional commentary)

#### Pipeline & Industrial Infrastructure Services Segment

Revenues \$4.1 - \$4.3 Billion (See below for additional commentary)

Operating Income Margins Between 5.5% and 6.5% (See below for additional commentary)

Corporate and Non-Allocated Costs Approx. 2.8%

### **Other Commentary**

**Electric Power Infrastructure Services Segment:** Our revenue guidance range reflects confidence in the continued momentum of our electric power and communications operations and particularly our base business. Of note, our revenue guidance represents growth over 2018, which included a full year of revenue contribution from construction activities on the Fort McMurray West Transmission project, as well as emergency restoration revenues of approximately \$241 million. Our 2019 guidance contemplates a much lower contribution from larger project revenues, and approximately \$100 million of emergency restoration revenues (similar to historical averages). We expect revenue growth in each quarter of 2019 compared to 2018, with quarter over quarter growth in the second quarter potentially exceeding 10%. We expect growth to moderate in the fourth quarter partially due to the higher levels of emergency restoration revenues in 2018. The high-end of our revenue range represents greater revenue growth in the third and fourth quarters relative to 2018. We expect operating margins to be between 9.5% and 10%, with quarterly seasonal effects comparable to 2018, i.e., first quarter operating margin is expected to be the lowest of the year, then margins grow in the second and third quarters and experience a slight decline in the fourth quarter. Although the high end of our full-year operating margin expectations contemplate double digit margins, our communications operations continue to ramp, slightly diluting margins for the segment. However, we believe communications operating income margins could exceed 6% for the year and reach upper single digits on a quarterly basis by the end of the year.

**Pipeline and Industrial Infrastructure Services Segment:** Revenues are expected to range between \$4.1 and \$4.3 billion. We expect double-digit revenue growth in the first quarter, with revenues growing sequentially through the third quarter. Revenues as compared to 2018 are expected to be lower quarter over quarter for the second, third and fourth quarters, with fourth quarter revenues potentially declining more than 30% relative to 2018. After two years in which larger pipeline projects contributed approximately \$1.5 billion in revenues, our 2019 revenue range contemplates a significantly lower contribution from larger pipeline projects, reflecting the impact of project delays on the Atlantic Coast Pipeline project. The midpoint of our guidance includes approximately \$850 million of signed or verbally awarded larger pipeline project work, and would be the lowest levels since 2015. However, we expect base business growth to partially offset this decline, as demand for our services in the gas utility and industrial markets continues to provide meaningful growth opportunities. Of particular note, our 2019 guidance requires no additional larger pipeline project awards in excess of the \$850 million. Overall, Pipeline and Industrial segment operating margins are expected to improve over 2018 and be between 5.5% and 6.5%. The first quarter traditionally has lower activity in our gas distribution business due to weather seasonality, which impacts revenues and pressures margins. We expect margins will improve in the second and third quarters, but decline sequentially in the fourth quarter due to normal seasonality.

**Other Commentary:** Included in Quanta's GAAP and adjusted diluted earnings per share expectations is the anticipated recognition of approximately \$0.30 per share of earnings related to the accounting treatment of previously deferred income for the Fort McMurray West Transmission project. The project is expected to be completed and placed in commercial operation in the first half of 2019, at which time we will recognize the deferred profit that has been reflected in Other Expense on our statement of operations for 2017 and 2018. We currently believe this may occur at the end of the first quarter. The diluted earnings per share contribution from this event could be viewed operationally as \$0.24 per diluted share related to profit deferred from 2018 and \$0.05 per diluted share related to profit deferred from 2017.

## **Non-GAAP Financial Measure**

A reconciliation of EBITDA and adjusted EBITDA (non-GAAP measures) to GAAP net income attributable to common stock and a reconciliation of estimated adjusted diluted earnings per share attributable to common stock (a non-GAAP measure) to estimated GAAP diluted earnings per share attributable to common stock, can be found in the company's press release announcing results for the fiscal quarter and year ended December 31, 2018, which is available on the company's website at [www.quantaservices.com](http://www.quantaservices.com) in the "Investors & Media" section.

## **Forward Looking Statements**

This summary information (and oral statements regarding the subject matter of this summary information) contains forward-looking statements intended to qualify for the "safe harbor" from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements relating to projected revenues, net income, earnings per share, EBITDA, weighted average shares outstanding, margins, capital expenditures, tax rates and other operating or financial results; expectations regarding Quanta's business or financial outlook; growth, trends or opportunities in particular markets; projected or expected realization of remaining performance obligations and backlog; the potential benefits from acquisitions or investments; the expected financial and operational performance of acquired businesses; the future demand for and availability of labor resources in the industries Quanta serves; future capital allocation initiatives, including the amount, timing and strategies with respect to any future stock repurchases or expectations regarding the declaration, amount and timing of any future cash dividends; the ability to deliver increased value and return capital to stockholders; the strategic use of Quanta's balance sheet; the expected value of contracts or intended contracts with customers; the scope, services, term and results of any projects awarded or expected to be awarded for services to be provided by Quanta; the anticipated commencement and completion dates for any projects awarded; the development of larger electric transmission and pipeline projects as well as the level of oil, natural gas and natural gas liquids prices and their impact on Quanta's business or the demand for Quanta's services; the impact of existing or potential legislation or regulation; potential opportunities that may be indicated by bidding activity or discussions with customers; the expected outcome of pending and threatened litigation; beliefs and assumptions about the collectability of receivables; the business plans or financial condition of Quanta's customers; possible recovery of pending or contemplated insurance claims or change orders or affirmative claims against customers or third parties; Quanta's plans and strategies; and the current economic and regulatory conditions and trends in the industries Quanta serves; as well as statements reflecting expectations, intentions, assumptions or beliefs about future events, and other statements that do not relate strictly to historical or current facts. Although Quanta's management believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. These statements can be affected by inaccurate assumptions and by known and unknown risks and uncertainties that are difficult to predict or beyond Quanta's control, including, among others, market conditions; the effects of industry, economic, financial or political conditions outside of the control of Quanta, including weakness in capital markets or any actual or potential shutdown, sequester, default or similar event or occurrence involving the U.S. federal government; quarterly variations in operating results, liquidity, financial condition, capital requirements, reinvestment opportunities or other financial results; trends and growth opportunities in relevant markets; delays, reductions in scope or cancellations of anticipated, pending or existing projects, including as a result of weather, regulatory or permitting issues, environmental processes, project performance issues, claimed force majeure events, protests or other political activity, legal challenges or customer capital constraints; the successful negotiation, execution, performance and completion of anticipated, pending and existing contracts, including the ability to obtain future project awards; Quanta's dependence on suppliers, subcontractors, equipment manufacturers and other third party contractors, the ability to attract and the potential shortage of skilled labor; the ability to retain key personnel and qualified employees; dependence on fixed price contracts and the potential to incur losses with respect to these contracts; estimates relating to revenue recognition and costs associated with contracts; adverse weather conditions or significant weather events; the ability to generate internal growth; competition in Quanta's business, including the ability to effectively compete for new projects and market share; the effect of natural gas, natural gas liquids and oil prices on Quanta's operations and growth opportunities and on customer capital programs and demand for Quanta's services; the future development of natural resources; the failure of existing or potential legislative actions to result in demand for Quanta's services; fluctuations of prices of certain materials used in Quanta's business, including as a result of the imposition of tariffs or changes in U.S. trade relationships with other countries; liabilities associated with multiemployer pension plans, including underfunding of liabilities and termination or withdrawal liabilities; unexpected costs or liabilities that may arise from pending or threatened litigation, indemnity obligations or other claims or actions asserted against Quanta, including liabilities for claims, fines or penalties that are not covered by, or in excess of, third-party insurance; the outcome of pending or threatened litigation; risks relating to the potential unavailability or cancellation of third-party insurance, the exclusion of coverage for certain losses, and potential increases in premiums for coverage deemed beneficial to Quanta; damage to our brand or reputation as a result of cybersecurity or data privacy breaches, environmental and occupational health and safety matters, or corporate scandal; cancellation provisions within contracts and the risk that contracts expire and are not renewed or are replaced on less favorable terms; loss of customers with whom Quanta has long-standing or significant relationships; the potential that participation in joint ventures or similar structures exposes Quanta to liability and/or harm to its reputation for acts or omissions by partners;

Quanta's inability or failure to comply with the terms of its contracts, which may result in additional costs, unexcused delays, warranty claims, failure to meet performance guarantees, damages or contract terminations; the inability or refusal of customers to pay for services, including failure to collect outstanding receivables; the failure to recover on payment claims against project owners or third party contractors or to obtain adequate compensation for customer-requested change orders; the failure of Quanta's customers to comply with regulatory requirements applicable to their projects, which may result in project delays and cancellations; budgetary or other constraints that may reduce or eliminate tax incentives or government funding for projects, which may result in project delays or cancellations; estimates and assumptions in determining financial results, remaining performance obligations and backlog; the ability to successfully complete remaining performance obligations or realize backlog; risks associated with operating in international markets, including instability of foreign governments, currency exchange fluctuations, and compliance with unfamiliar foreign legal systems and cultural practices, the U.S. Foreign Corrupt Practices Act and other applicable anti-bribery and anti-corruption laws and complex tax regulations and international treaties; the ability to successfully identify, complete, integrate and realize synergies from acquisitions; the potential adverse impact resulting from uncertainty surrounding investments and acquisitions, including the ability to retain key personnel from acquired businesses, the potential increase in risks already existing in Quanta's operations and poor performance or decline in value of Quanta's investments; the adverse impact of impairments of goodwill, receivables, property and equipment and other intangible assets or investments; growth outpacing Quanta's decentralized management and infrastructure; requirements relating to governmental regulation and changes thereto; inability to enforce Quanta's intellectual property rights or the obsolescence of such rights; risks related to the implementation of new information technology solutions; the impact of a unionized workforce on operations, including labor stoppages or interruptions due to strikes or lockouts; the cost of borrowing, availability of cash and credit, fluctuations in the price and volume of Quanta's common stock, debt covenant compliance, interest rate fluctuations and other factors affecting financing and investing activities; the ability to access sufficient funding to finance desired growth and operations; the ability to obtain performance bonds; the ability to continue to meet certain regulatory requirements applicable to Quanta and its subsidiaries; rapid technological and other structural changes that could reduce the demand for Quanta's services; new or changed tax laws, treaties or regulations; increased costs associated with regulatory changes, including labor costs or healthcare costs; significant fluctuations in foreign currency exchange rates; and other risks and uncertainties detailed in Quanta's Annual Report on Form 10-K for the year ended Dec. 31, 2017, Quarterly Reports on Form 10-Q for the quarters ended Mar. 31, 2018, June 30, 2018 and Sept. 30, 2018 and any other documents that Quanta files with the Securities and Exchange Commission (SEC). For a discussion of these risks, uncertainties and assumptions, investors are urged to refer to Quanta's documents filed with the SEC that are available through the company's website at [www.quantaservices.com](http://www.quantaservices.com) or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at [www.sec.gov](http://www.sec.gov). Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied in any forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, which are current only as of this date. Quanta does not undertake and expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Quanta further expressly disclaims any written or oral statements made by any third party regarding the subject matter of this press release.